

Introduced by Senator Margett

February 17, 2005

An act to add Chapter 3.5 (commencing with Section 18880) to Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 407, as introduced, Margett. Corporate taxes: taxpayer contributions: Postsecondary Education Trust Fund.

Under existing law regulating the administration of personal income taxes, individual taxpayers are allowed to contribute amounts in excess of their tax liability for the support of specified funds or accounts.

This bill would additionally allow taxpayers that are subject to the taxes imposed under the Corporation Tax Law to designate on their corporate tax returns that a specified amount in excess of their tax liability be transferred to the Postsecondary Education Fund, which would be created by this bill.

This bill would provide that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, would be allocated to the Franchise Tax Board and the Controller, and to the California Postsecondary Education Advisory Committee, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 3.5 (commencing with Section 18880)
2 is added to Part 10.2 of Division 2 of the Revenue and Taxation
3 Code, to read:

4
5 CHAPTER 3.5. CORPORATE TAX VOLUNTARY CONTRIBUTIONS

6
7 Article 1. Postsecondary Education Trust Fund

8
9 18880. (a) A taxpayer that is subject to the laws imposed
10 under the Corporation Tax Law (Part 11 (commencing with
11 Section 23001)) may designate on the tax return that a
12 contribution in excess of the tax liability, if any, be made to the
13 Postsecondary Education Trust Fund. That designation is to be
14 used as a voluntary contribution on the tax return.

15 (b) Contributions shall be in full dollar amounts.

16 (c) A designation shall be made for any taxable year on the
17 initial return for that taxable year and once made is irrevocable.
18 If payments and credits reported on the return, together with any
19 other credits associated with the taxpayer's account, do not
20 exceed the taxpayer's liability, the return shall be treated as
21 though no designation has been made. If no designee is specified,
22 the contribution shall be transferred to the General Fund after
23 reimbursement of the direct actual costs of the Franchise Tax
24 Board for the collection and administration of funds under this
25 article.

26 (d) (1) The Franchise Tax Board shall revise the form of the
27 return to include a space labeled "Postsecondary Education Trust
28 Fund" to allow for the designation permitted under subdivision
29 (a).

30 (2) The form shall also include in the instructions information
31 that the contribution shall be used for the furtherance of
32 postsecondary education in this state.

33 (e) A deduction shall be allowed under Article 1 (commencing
34 with Section 24341) of Chapter 7 of Part 11 for any contribution
35 made pursuant to subdivision (a).

36 18881. There is in the State Treasury the Postsecondary
37 Education Trust Fund to receive contributions made pursuant to
38 Section 18880. The Franchise Tax Board shall notify the

1 Controller of both the amount of money paid by taxpayers in
2 excess of their tax liability and the amount of refund money that
3 taxpayers have designated pursuant to Section 18880 to be
4 transferred to the Postsecondary Education Trust Fund. The
5 Controller shall transfer from the Corporation Income Tax Fund
6 to the Postsecondary Education Trust Fund an amount not in
7 excess of the sum of the amounts designated by taxpayers
8 pursuant to Section 18880 for payment into that fund.

9 18882. All moneys transferred to the Postsecondary
10 Education Trust Fund, upon appropriation by the Legislature,
11 shall be allocated as follows:

12 (a) To the Franchise Tax Board and the Controller for
13 reimbursement of all costs incurred by the Franchise Tax Board
14 and the Controller in connection with their duties under this
15 article.

16 (b) (1) To the California Postsecondary Education Advisory
17 Committee for allocation for the furtherance of postsecondary
18 education within this state.

19 (2) The department shall have no oversight authority over
20 these moneys or their uses and shall allocate these moneys to the
21 Postsecondary Education Trust Fund for the purposes described
22 in this section.